Forward Compatible Pay

## Presentation for

FINCOM Conference

Your Financial Partner @ Work

Background

- Defense Joint Military Pay System (DJMS)
  - *1970's era COBOL programming --- Air Force first converted in 1974*
  - *Modifications made in 90's to accommodate conversion of Army and Navy*
  - *Original program was documented but as large numbers of changes and modifications were made, documentation deteriorated*
  - *Increasingly unreliable ... fixes more complex with unintended 2nd and 3rd order affects*
  - *Accelerated growth in problem/trouble reports from 1999 to 2003*

DJMS Problem Reports

- Manual workarounds used to accommodate DJMS problems and unprogrammed legislative changes

- BCAs conducted to determine if a workaround is more cost effective than a capital expenditure with resulting depreciation charges

- Currently 142 workyears tied up with manual workarounds

- DIMHRS Timeline continues to slip
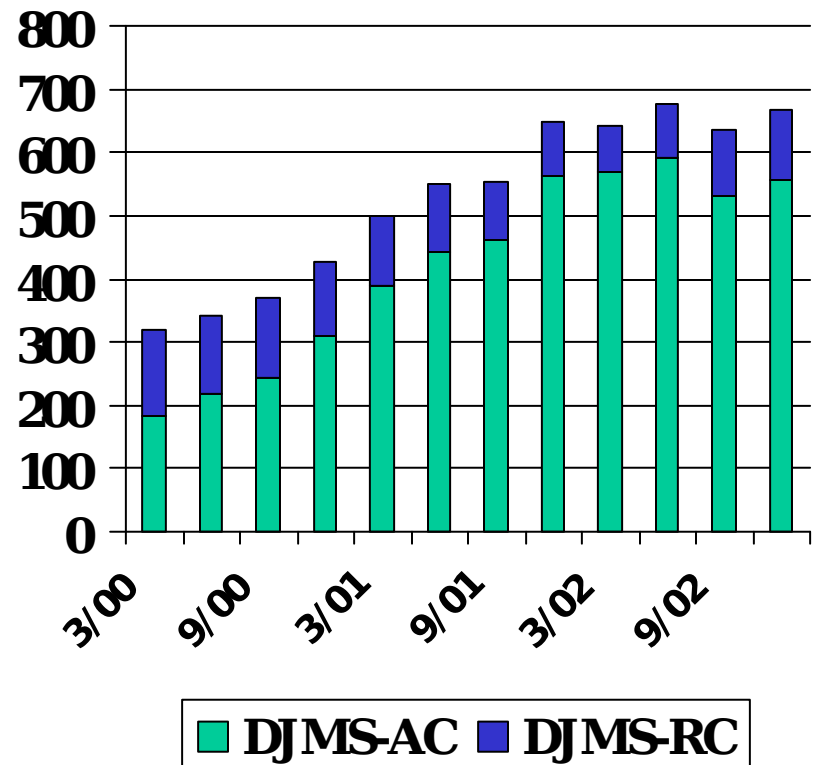
These factors led to...

DJMS Brownout

- Decision to brownout DJMS made in January 2003 as SCRs could not be programmed without significant problems occurring post implementation

- All reported problem reports and SCRs were examined to determine which would remain post-brownout decision

- Total open trouble reports (AC&RC) reduced from 804 to 143

- This action served to stabilize system

Significant Changes Implemented That Continue to Keep DJMS Viable
(FY03)

AC

- ✓ Thrift Savings Plan
- ✓ Long Term Care Insurance
- ✓ 2002 Year End W2s
- ✓ Automated Stops for Salary Offsets

RC

- ✓ Thrift Savings Plan
- ✓ 2002 Year End W2s
- ✓ Combat Zone Processing Enhancements
- ✓ Automated Special Pays for:
  - – Medical
  - – Dentist
  - – Veterinarian
  - – Optometrist

Significant Changes Scheduled That Continue to Keep DJMS Viable

(FY04)

AC

- ✓ Family SGLI (Implemented)
- ✓ 2003 Year End W2s
- ✓ Automated Garnishments
- ✓ Automated Service Date Changes

RC

- ✓ Leave Accrual (Implemented)
- ✓ Family SGLI (Implemented)
- ✓ Mobilization Retroactive Processing
- ✓ 2003 Year End W2s

DFAS

Terms of Reference (TOR)

- Brownout decision meant DFAS could not wait for DIMHRS implementation
- TOR was a process used by DFAS to decide on DJMS successor
- Advocates appointed to present three options
  - Option #1 - invest and "rebuild" DJMS
  - Option #2 - adopt Marine Corps Total Force System
  - Option #3 - COTS Solution
- Option #3 selected and subsequently approved by OSD --- became known as *"Forward Compatible Pay"*

Forward Compatible Pay

- Peoplesoft product … pay module functionality will be passed to DIMHRS

- Will eliminate all manual workarounds

- Legislative changes easily and quickly programmed

- Technical support requirements reduced

- AC and RC will both reside on same platform… simple "toggling" changes status of service member
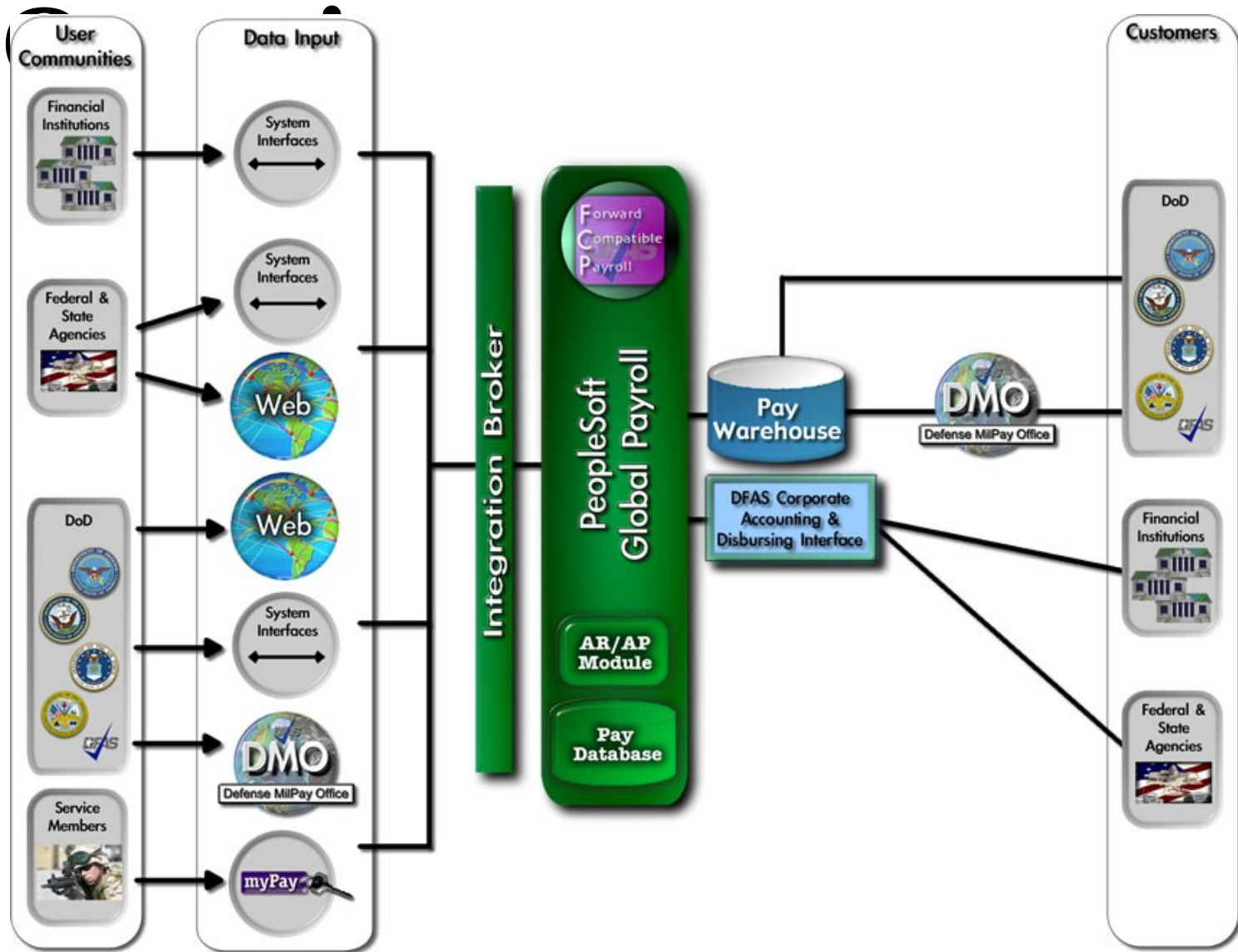
Forward Compatible Pay (cont)

- Due to prior fielding of Defense Military Pay Office (DMO), fielding of FCP will be transparent to field.

- Enhanced member self service

FCP Functional

Proposed FCP LES

Defense Finance and Accounting Service Military Leave and Earnings Statement						

Name (Last, First, MI) DOE, JOHN A.			Social Security Number 111-11-1111	Grade E7	Branch ARMY	ADSN/DSSN 6321	Period Covered 1-31 OCT 03
Pay Date 850807	Years of Service 17	Expiration Term of Service 101031	PACIDN WAA4HC1A	**Direct Deposit Distribution** Account Type C Account Number 1111111111111			

Entitlements			Deductions			Allotments		
Type	Amount	Year To DATE	Type	Amount	Year To DATE	Type	Amount	Year To DATE
BASE PAY	3066.30	30663.00	FEDERAL TAX	402.96	4029.60	DISCREPANCY	32.00	64.00
BAS	242.81	242.81	FICA-SOC SECU	190.11	1901.10	TRICARE DENTAL	8.14	81.40
BAH	.30	3.00	FICA-MEDICARE	44.46	444.60			
HARDSHIP DUTY	50.00	250.00	SGLI	20.00	200.00			
OSHA	1484.48	14844.80	RET HOME	.50	5.00			
COLA	408.00	4080.00	TSP	370.30	1182.87			
FAM SEP-HOUSING	645.00	6450.00	MID-MONTH-PAY	2451.71				
HFP/IDP	225.00	2250.00						

Total Entitlements:	5971.89	Total Deductions:	3480.04	Total Allotments:	40.14

Tax Data	Marital Status	Exemptions	Additional Tax		Net Pay:
Federal	S	00	00		2451.71
State (IN)	S	00	00		

Taxable Wages	Type	Current	Year To Date	BAH Type W/DEP	BAH ZIP GE129	Rent Amount .00	Share 0	BAH DEPN SPOUSE	DIEMS 850807
	Federal	0.00	6132.60						
	Social Security	3066.30	30663.00						
	Medicare	3066.30	30663.00						RET-PLAN 3
	State (IN)	0.00	6132.60						

				OHA/COLA Dependents 1	BAS Type S	Thrift Savings Plan Deferred 1182.87 Exempt 0.00			

Leave					
Leave Days Brought Forward Balance	19.5		Projected Expiration Term 0f Service Balance	258.5	
Leave Days Earned	2.5		Leave Days Lost	0.0	
Leave Days Used	4		Leave Days Paid	0.0	
Current Balance	18.0		Leave Days Use/Lose	0.0	
			Leave Days Excess	0.0	
			Leave Days Combat Zone Balance	2.5	

Communications Plan

- FCP benefits and timeline need to be briefed at multiple levels of the military services

- Communications plan now being built that will schedule these efforts

- "Targets of opportunity" will also be taken to insure we get the word out

- Soldiers, Sailors, and Airmen will receive information closer to the actual implementation date

FCP Timeline

- 15 Mar 05 - Army Reserve and Army National Guard

- 15 Jul 05 - Army Active

- 15 Nov 05 - Air Force Active, Reserve, and National Guard

- 15 Mar 06 - Navy Active and Reserve

- Marine Corps remains on MCTFS until DIMHRS implementation

DFAS Support for DIMHRS

- DIMHRS is still the goal
  - DOD objective - integrated personnel/pay system
- DFAS continues its strong support for DIMHRS
  - DFAS has supported DIMHRS since its inception
    - Created pay and pay-related personnel requirements
    - Assisted with data and automation requirements
    - Was an active partner in the selection of the DIMHRS COTS software foundation (PeopleSoft) and the Developer/Implementer Contractor
    - Resources located at both the Joint Requirements and Integration Office (JR&IO) and the Joint Program Management Office (JPMO)
    - Active participation in DIMHRS IPTs
- DFAS will fully share FCP architecture and products with the DIMHRS JPMO and DIMHRS Developer & Implementer Contractor

Why Do We Still Need DIMHRS?

DIMHRS

- Integrated Pay/Personnel system
- Pay impacting personnel data would drive entitlements
- Entitlements would be passed into the pay computation module
- Single source data entry would significantly reduce propensity for error

FCP

- No integrated Pay/Personnel system
- Identify/ build interfaces that pass data from legacy personnel systems into FCP
- Test conditions will be provided to the Test Team to insure that the "integration broker" performs correctly